



FISCAL MEMORANDUM

HB 2409 - SB 2338

March 1, 2022

SUMMARY OF BILL AS AMENDED (014691): Requires the state, subject to appropriation, to pay the amount required for a local board of education to pay 80 percent of the monthly premium cost on behalf of each teacher, principal, and other employee participating in a group insurance plan provided by a local board of education. Requires a local board of education that provides group insurance to pay at least 80 percent of the monthly premium cost. Prohibits a local board of education from requiring an employee to pay more than 20 percent of the monthly premium cost for medical insurance. Establishes that if the General Assembly fails to appropriate funds sufficient to pay 80 percent of a local board of education's monthly premium cost for group health insurance, then a local board is encouraged, but not required, to pay 80 percent of the monthly premium cost.

FISCAL IMPACT OF BILL AS AMENDED:

Increase State Expenditures – Exceeds \$373,861,100/FY22-23 and Subsequent Years

Assumptions for the bill as amended:

- Local education agencies (LEAs) have the option to participate in the Local Education (LE) Plan health plan.
- An LEA that does not participate in the LE Plan is eligible to receive the insurance component of the BEP payments if the LEA offers medical benefits to its instructional and support staff employees that are equal or superior to the benefits of the LE Plan. For purposes of this analysis, it is assumed any health insurance plan provided at the local level is equivalent to the health insurance plan for state employees.
- Based on information provided by the Department of Finance and Administration, Benefits Administration, the state employee plan premiums range from \$8,595 for an employee only coverage to \$22,335 for family coverage.
- The Department of Education Annual Statistical Report for school year ending June 30, 2020 includes a total of 135,069 teachers, instructional personnel, certified personnel, and administrative personnel across the state.
- Currently, the state includes 45 percent for premiums of instructional staff and 30 percent of premiums for non-instructional staff through the BEP formula. It is estimated the state share of the BEP formula for LEA employees' premiums total \$649,936,225.

Current BEP Calculation	Total Local Education Employees	135,069
	Instructional at 75%	101,302
	Non-Instructional at 25%	33,767
	Insurance Annual Premium	\$ 11,644
	Instructional Premiums Total	\$ 1,179,557,577
	Non-Instructional Premium Total	\$ 393,185,859
	Current State Share @ 45% Instructional	\$ 530,800,910
	Current State Share @ 30% Non-Instructional	\$ 117,955,758
	Total Current State Share of Premiums in BEP	\$ 648,756,667

- Based on the Kaiser Family Foundation (KFF) 2021 Employer Survey, approximately 65 percent of employees enroll in employer sponsored health plans at employers who employ between 50 and 200 employees total.
- It is estimated that at least 87,795 employees participate in health insurance offered by an LEA (135,069 x 65%).
- The total cost to cover 80 percent of employees' health insurance premiums is estimated to be \$1,022,617,802.

Coverage Tier	% of State Plan Employees Enrolled	Total Employees Enrolled	Total Premium Estimate (100%)	Total Premium	Premium Percentage at 80%
Employee Only	42.16%	37,014	\$8,595	\$318,137,984	\$254,510,387
Employee + Child(ren)	13.62%	11,958	\$12,885	\$154,074,431	\$123,259,545
Employee + Spouse	17.98%	15,786	\$18,480	\$291,716,299	\$233,373,039
Employee + Spouse + Child(ren)	26.23%	23,029	\$22,335	\$514,343,539	\$411,474,831
Total					\$1,022,617,802

- The increase in state expenditures to cover 80 percent of LEA employee premiums is estimated to be \$373,861,135 (\$1,022,617,802 - \$648,756,667) in FY22-23 and subsequent years.
- Increasing employer contributions may result in more employees opting into group health plans offered by LEAs, which would further increase local expenditures. However, due to multiple unknown variables, a precise fiscal impact from additional enrollees cannot be determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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